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Pierrepont, Edwards

Speech of the
Hon. Edwards Pierrepont

New York

1873

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S P E E C H

OF THE

HON. EDWARDS PIERREPONT,

DELIVERED BEFORE

The Republican Mass Meeting at Cooper Institute,

UPON

OUR FINANCIAL DIFFICULTIES,

November 1st, 1873.

NEW YORK:

EVENING POST STEAM PRESSES, 41 NASSAU ST., COR. LIBERTY.

1873.

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Judge Pierrepont presided at the meeting, and upon taking the chair spoke as follows:

FELLOW CITIZENS: Last year the Republicans carried this State by 55,000 majority.

Are you going to stay at home this year and let the Democrats take the rule?

In ordinary times the question would not be asked; but these are not ordinary times.

Great disturbances in financial affairs have depressed our industries in every department of business, thrown thousands out of employment, reduced many to want who a month ago were in the full enjoyment of even the luxuries of life, and the end is not yet. The dampened spirits of our people cannot lift the pernicious load which weighs upon them, and come to the rescue with the alacrity of last year. Herein lies our only danger; the danger is nothing if Republicans have their attention called to it, and that is the object of this meeting to-night.

In commercial disasters the party in power is always held responsible, whether at fault or not; and the people in distress turn for relief, hardly knowing whither. Of this we cannot complain. We take credit in prosperous times, and we must expect to receive blame in the day of trouble.

The political party which can sail the ship of State only upon smooth seas will not last long; it is when the storm comes and the waves dash high that we learn whether we have a captain on deck. As this storm was sure to come, and as the cloud was seen from afar by many sagacious men, the Republican Party are to be congratulated that it broke upon us in the very beginning of the new administration, and not at the end. Now, my fellow-citizens, you will know whether the Republican Party retains that courage, that ability, that virtue and patriotism which carried our country so gloriously through

the war. If it has grown timid and enfeebled by time, or corrupted and debauched by power, if it takes shams for realities and expedients for principles, then its hours are numbered, and the disgrace of its declining days will look the darker for the bright glories of its earlier prime. We come to tell you to-night that the party has not lost any of its virtues; that it will prove itself quite equal to this great occasion, and by its acts command the confidence of a grateful people. It is a healthy feature in our politics that the Democratic Party in Ohio, on its pure old Bourbon principles, carried the State. The best government possible in a free country is the government of party; with two great parties well disciplined and loyal, each watches the other, and the country is safe;—but the moment party discipline is relaxed, and the politicians of both parties make secret trades for plunder, corruption comes, and the honest men of both parties are robbed and betrayed. The Ohio election has demonstrated that the Democratic Party will not disband, and that within about thirty months from this date it will bring into the field a Democrat, pure and simple, who will contend for the great Presidential prize against some true Republican whom the party will select.

I have said that the party in power will prove itself equal to the great occasion. It will bring order out of confusion, restore the finances to a solid basis, show its capacity for good government, and before three years are over bring renewed prosperity to the people; that is in its power, that is its duty; that is expected from those with whom this great and generous nation has intrusted its destinies.

What has caused our present difficulties? They are not imaginary, they are real. Chiefly, our troubles are an inheritance from the war, and partly due to the system of irredeemable paper money which the war induced. When the war was ended, the influence of a thousand million of paper currency which had been afloat at one time remained, and the high values which ruled when gold was 280 were cherished, and we were told that the Bank of England did not return to coin payments for twenty-two years after the Napoleon wars. But the financial system of Great Britain, through the Bank of England, was not explained. We were told that we must wait

until we had grown up to specie payments, or until the balance of trade was in our favor; that panics could not take place under our system, and so we shut our eyes and floated on.

One morning of last month we were awakened by a shock. At first we were told that it was a brokers' panic, and so the brokers' house was shut up; but somehow confidence was not restored, and it is not yet; the best stocks on the market are lower by many per cent. than at the beginning of the trouble. This disaster was inevitable under such a system. Let us see how it came about—then let us see how to remedy it, and return to prosperous times.

We have an irredeemable paper currency limited to seven hundred millions.

Remember that it is limited, and we cannot increase it a dollar. We may mine \$3 million a year, as we do, or we may coin 163 million a year; that does not increase our currency at all. With us, coin is not currency, whether foreign or domestic; nor are Bank of England notes—nothing is currency but 700 million of printed bills. We have a country extending across the Continent, and from Alaska to the south-west corner of Texas and New Mexico, and all this vast territory is to be supplied, and *at all times*, with this 700 million of paper currency. During the larger portion of the year, New York absorbs a great amount of this circulating medium. For this there is a subtle reason which I do not think the people understand. The reason is, that the money can be loaned on call at interest in New York, and the banks, scattered all over the country, receive deposits from their customers, and send the money to New York to be loaned at interest on call—others than banks do the same; they expect the money to earn interest through the summer, and to be ready at call in the autumn to purchase corn, wheat, cotton and other crops. They cannot leave the money on call in the country with the least security that the call will be answered, and so they send the money here. The banks and bankers in New York who thus borrow from the country at interest must lend the same on interest, or they would soon be ruined. Hence, they loan it to brokers and others, at a higher interest on stocks. This money is mostly loaned on call, with some kind of stocks pledged as security.

A large number of men put their money in the banks in early summer and let it remain for the more active business of the fall, when they expect to use it. Thus the New York banks and bankers are full of money during the summer, which they loan out at interest, on call, and thus they are enabled, by getting more interest than they pay, to make large dividends. This year the crops were very large, and early in the season the Western banks were called upon for money with which to move the rich harvests to the Eastern market. The cotton crop also demanded large sums to move it, and the money which thus goes to the far West and South for those uses does not begin to return in large quantities until spring. The West and South called upon the East, and the banks and bankers of the East called upon their customers, and the money market was made tight. Then failed certain great bankers, banks and trust companies which were over extended, and revealed irregularities, reckless management, and in some cases fraud. Confidence was shaken, and prudent men would not intrust their money in the usual channels of trade. Call loans could not be gathered in, the evidence of overtrading in every form appeared, and not a bank could collect its loans or pay its depositors; and then we learned that a paper suspension not only could happen, but that it was the worst of all, as there was nothing to take the place of such a currency; and this is the spectacle we presented to the world. A great, rich nation, with boundless resources; forty million of people, in a year of unparalleled plenty, with all Europe our eager customer, with two thousand six hundred million of coin in the commercial world, one thousand million of which, in coin and bullion gold, this nation had in its short life contributed, and yet we were without the currency to move our rich harvests to the sea.

Millions of gold hastened over from Europe to buy our bread-stuffs, but every million of gold which came only tightened our market; it was not currency, but merchandise, and demanded currency to carry it. It was merchandise selling at a low price, and tempting the purchaser precisely as steel rails or French silks at low rates would tempt the buyer and absorb our circulation. This gold merchandise fell, and to-day no considerable amount of gold will bring six per cent. premium in

greenbacks. This great gold-producing nation which has actually owned a thousand million of the precious metals has not within its broad domain one hundred and forty-five million of gold. We smile at the barbarians who sell their gold for beads of colored glass. How much are we wiser than they? But some one suggests that it was the war which drained the country of gold. Not at all; the returns show that this very year we have sent abroad more gold than during all the years of the war. Our troubles come of a vicious system of finance, which has stimulated foreign imports, led to luxury and extravagance in every walk of life. Truth now asserts her sway and sham crumbles into dust; the day of reckoning has come, and the insane revelry must be paid for.

It is now twelve years since gold has formed any part of our currency; it is more than eight years and a half since the war was ended. Had we adopted a system of finance at the close of the war which tended toward resumption, before this present crisis arrived we should have had the greenback equivalent to gold. Then we should have escaped the troubles whose end is not yet; then coin from the other commercial nations would have flowed in, and would have expanded the currency to meet our needs. Now it may flow to any extent, and it will not help us until greenbacks are at par with gold. Gold coins will no more enter into the currency than gold watches, so long as we have a paper currency which cannot be redeemed. Some men tell us that gold coins are but the relics of kingly power, and that paper is better. I do not propose to argue that question. The complete answer to it is, that while all the commercial nations of the earth with whom we trade make gold the standard, we must do the same, or they will take away our gold, and in stringent times we can get no aid from the currency of the commercial world. It is surprising that we will not take lessons from the larger experience of older nations whose prosperity is so great. The Bank of England, with all her vast business, has not a paper currency afloat of more than one hundred and thirty-five million dollars. But whenever there comes a stringency in the market they raise the rate of interest, and thus invite the capital of the other nations whose standard is gold, and it flows in for the high price offered, and thus an

equilibrium is rapidly restored. France does the same; but we drift helpless, with all our boundless wealth, not knowing what to do. And here I can but remark upon the immense advantage to the civilized world of a decimal coinage of the same fineness which would pass current in every commercial nation. The saving in recoinage, counting and nice calculations in conversion would be enormous. Now, as you know, the coin which is stamped in England to-day is likely to be melted up and recoined in the coming month; the same is true of the coinage of other countries. Slow is the progress up from barbarism to a high civilization. I have said so much upon this question because I know that it is the question upon which the Republican Party will rise to grandeur or perish in disgrace. That party which can so administer the government as to give our people in business affairs stability and prosperity will stand; that which lacks either the ability or the courage will fall. You ask if I would advise an immediate resumption of coin payments by the government? Certainly no! But I would adopt and strictly adhere to a policy which would tend toward a gradual resumption; then the merchants would know what to expect and how to adjust their business, and if that checks importations, all the better. Let us wear the old clothes, and buy no more French silks, French dresses, French trinkets, and French wines, until we can get them without running in debt. We are forever hearing about "the balance of trade being against us;" it will always be against us so long as our currency is nothing but irredeemable paper. Do not be deceived by the present condition of things. In sixty days after our seven hundred million of paper gets afloat again we shall rush madly into foreign debt. Now is the time to inaugurate the plan. If this golden opportunity passes it will never return again to the *Republican* Party.

Courage and a clear conception of the true principles which govern this question are needed. The Secretary who undertakes to restore our finances has a conflict before him; he has much opposition and much honest ignorance to encounter, but the greater will be his reward when his victory is won. The public, in its final judgment, is rarely unjust. Let the Secretary call to his assistance the best financial aid in the country,

whether in Congress or out of it, and digest his information into such a plan as the President and his Cabinet and the leading men in Congress will approve; let his bill be introduced as an Administration measure, and it will pass; and if the measure is such as might be, and as ought to be devised, its good results will be felt with great rapidity. This question is sure to divide the two great parties of the country. Senator Thurman, an able and upright man, and the acknowledged leader of the Democrat Party, has lately made a speech in Ohio, in which he is reported to have said that though a hard money man he was opposed to an early return to specie payments, "because the West and South were debtor States, and New England, New York and Pennsylvania were creditor States, and return to specie payments would have 'a most crushing effect upon the people of the debtor States.'" I hope the Senator did not utter what the newspapers report. But it is certain that the great issue in Congress will arise between those who are in favor of a paper inflation (closing their eyes to certain ruin in the future), and those who are in favor of gradual resumption and certain prosperity in the future.

Let the Republican Party take the side of sound principles, which will secure prosperity for every part of our country, and let Senator Thurman and his party take the side opposed to resumption and in favor of inflation if they will, and three years hence, when the people come up to elect a new President, let them say who was right. A mixed currency, part gold and part convertible paper, is the currency we need, and this the Republican administration will gradually bring about, without any of the "crushing effects upon the debtor States" which are foretold; but on the contrary, with the most cheering effects upon every debtor and creditor State alike. The day is near when the times will be brighter; when palsied industries will begin to revive; when gamblers in gold will lose their occupation, and legitimate trade be freed from their annoyance. The party which directed the war, and has caused over 618 million of the debt to be paid, will not be found wanting in this crisis of its history.

The President, with his native sagacity and his direct purpose, can be relied upon to aid, with his firmness and his great

common sense, any measure looking to the real prosperity of the nation, and his Secretary of State, than whom no one of higher integrity or sounder judgment has ever held that office, will surely be found on the right side in this great emergency. I believe that the cabinet and the leading men of the Republican Party in Congress will be in favor of such a system of finance as will, before three years are over, bring the greenback to a par with gold, and before three months are over improve our financial condition greatly.

But the administration asks something of its friends; it asks that they give encouragement by their votes; it asks that they come to the polls on election day and bring their friends and take an earnest interest in securing the election of the candidates whom the party have put in the field. Remember that this election will determine, in great measure, who shall be the next Senator from this great State. I had intended to have gone minutely into a plan of relief, but time does not permit--I have detained you too long with this dry speech. I present to you one whose eloquence will atone for my dullness, and to whom you will listen with delight.

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